# World Production and Trade

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Roundup

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

## GRAIN AND FEED

During a South American market development trip, the AUSTRALIAN WHEAT BOARD (AWB) made offers to sell wheat on credit terms similar to GSM-102 in Colombia, Ecuador and Chile. In each case, the quantities reportedly are around 100,000 tons and will be competitively priced with the United States. These three markets are regular U.S. customers, and are forecast to import a total of 1.85 million tons of wheat from the United States during 1984/85 (July-June).

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The CANADIAN WHEAT BOARD announced the renewal of a one-year supply agreement with Japan. The agreement calls for the shipment of 1.3 million tons of wheat and 800,000 tons of barley during calendar year 1985. The amount of barley offered was reduced by 100,000 tons for 1985 because of lower Canadian production. Prices for the wheat and barley will be established under the weekly tenders held by the Japanese Food Agency.

## OILSEEDS AND PRODUCTS

SPAIN's imports of soybeans in 1984/85 are forecast to decline for the third consecutive year (down 5 percent to 2.65 million tons) due to reduced poultry and hog production and high soybean prices. Declining soybean imports, combined with lower soybean meal imports forecast for 1984/85, point to the lowest soybean meal consumption level in seven years. In addition, 1984/85 soybean oil consumption is estimated to hit an all-time low. This reflects, in part, a domestic consumption quota for soybean oil to protect Spanish olive oil producers. A record sunflowerseed crop (960,000 tons) and near-record olive oil production (600,000 tons) also will contribute to the lack of demand for soybeans and products in Spain.

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KENYA's Ministry of Finance and Planning has announced suspension of the import duty and sales tax on soybean oil until June 30, 1985. This will allow soybean oil to compete on a more even basis with palm oil. Imports in 1983/84 of palm and soybean oil were 125,000 tons and 3,000 tons, respectively. All of the soybean oil was imported from the United States.

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Starting this month, SWEDEN's Agricultural Market Board will give rebates on oilseed meals used in hog feed. This is expected to result in increased soybean meal consumption of 35,000-40,000 tons, and a corresponding reduction of 20,000-25,000 tons of fishmeal. USDA estimates that Sweden will import 160,000 tons of soybean meal in 1984/85, 4,000 tons of which will come from the United States. The drive to increase oilseed meal consumption may stem from findings by Swedish researchers that increased use of fishmeal in hog rations reduced the meat's shelf life and resulted in consumer complaints about the taste of pork.

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THAILAND has announced new regulations to allow soybean and soybean oil imports, subject to licensing requirements. No purchase of domestic soybeans is required for the import of soybeans or soybean oil. The Council of Economic Ministers felt that a recent baht devaluation was enough protection for the soybean farmers. Soybean meal imports also are subject to the issuance of licenses, and one ton of soybean meal must be bought domestically for every two tons of soybean meal imported.

DAIRY, LIVESTOCK AND POULTRY

POLAND's broiler production is expected to total 120,000 tons in 1984 according to the U.S. agricultural attache in Warsaw. That production level, though double the 1983 level, is only 40 percent of the peak reached in 1981. Much of the 1982 decline was due to shortages of poultry feed caused by import limitations. Current supplies of poultry feeds based on domestic grains are reported to be adequate, but feed margins are very tight, leaving little incentive to expand. As a result, 1985 broiler production is forecast to remain at the 1984 level.

COTTON AND FIBERS

EGYPT's Minister of Agriculture recently confirmed Egypt's intent to import shorter staple cotton. These imports can be used more efficiently by the Egyptian textile industry and would free up larger supplies of more expensive longer staple Egyptian cotton for export.

WOOD AND WOOD PRODUCTS

Damage to standing timber in WEST GERMAN forests, attributed primarily to air pollution levels, covers an estimated 3.7 million hectares, or 50 percent of German forest area, according to the U.S. agricultural counselor in Bonn. Air pollution damage was thought to be affecting only coniferous forests, but there has been an increase in reported damage to hardwood stands, notably beech and oak. Approximately 1.5 percent of the total area is classified as severely damaged. The volume of severely damaged trees is equivalent to West Germany's annual timber harvest of 30 million cubic meters. Although some German foresters and industry analysts believe that this estimate is somewhat exaggerated, efforts to harvest and utilize this damaged timber could affect U.S. exports of hardwood logs, lumber and veneer to West Germany.

West Germany represented the fourth largest U.S. export market for solid wood products in 1983, with shipments totaling $172.6 million. Hardwood logs, lumber and veneer accounted for 72 percent of the total. During the first three quarters of 1984, U.S. shipments of these products to Germany were down an average of 16.5 percent, compared with the same period in 1983.

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The trend away from timber frame construction in the UNITED KINGDOM, together with other market forces, have affected U.S. exports of softwood plywood to the United Kingdom in 1984. As a result, U.S. exports of these panel products are not expected to surpass 100 million square feet by the end of 1984. U.S. plywood shipments to the U.K. during the first three quarters of 1984 were down 45 percent to 80.3 million square feet (3/8-inch basis) from 145.5 million during the January-September 1983 period.

Over the past six years, the U.K. has been the largest U.S. export market for softwood plywood, excluding 1981 when Belgium/Luxembourg was the largest. The U.K. imported a record 165.4 million square feet of U.S. softwood plywood in 1983. In 1984, this level will not be attained because of the loss in timber frame market share, a drawdown in plywood stocks (partially because of two U.K. dock strikes), lower import bonding levels for 1985 and a strong U.S. dollar. If the stock drawdown leads to spot shortages of selected panels and importing into bonded warehouses picks up, an increase in plywood demand may occur during the last quarter of 1984.

Housing starts and timber frame market shares in Great Britain and Northern Ireland during 1982-84 are as follows:

| Year (Quarters) | Great Britain (1,000) | Timber Frame (Percent) | Northern Ireland (1,000) | Timber Frame (Percent) |
|---|---|---|---|---|
| 1982 (3rd) | 36.2 | 22 | 0.7 | 33 |
| (4th) | 33.3 | 25 | 0.5 | 37 |
| 1983 (1st) | 43.2 | 24 | 1.0 | 39 |
| (2nd) | 46.9 | 24 | 1.4 | 35 |
| (3rd) | 44.1 | 19 | 0.9 | 33 |
| (4th) | 35.9 | 20 | 1.5 | 36 |
| 1984 (1st) | 39.4 | 16 | 1.3 | 29 |
| (2nd) | 46.3 | 13 | 1.5 | 28 |
| (3rd) | 41.3 | 12 | 1.2 | 21 |

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Log exports from British Columbia (B.C.) are the subject of a growing controversy in CANADA. Depending on how the issue is resolved, U.S. suppliers of logs to Pacific Rim nations could be faced with additional foreign competition. Historically, the B.C. industry has not been in the business of exporting logs, but rather has emphasized lumber exports. However, given the present state of the Canadian forest products industry, B.C. producers are finding log export revenues increasingly attractive.

Nine major Canadian public companies have reported operating losses totaling C$60 million for the first nine months of 1984. Log exports from B.C. are providing the industry with desperately needed revenue. In 1984, these exports are projected to reach 2.8 million cubic meters (CUM) valued at C$240 million, an increase of 250 percent from 1982. In comparison, U.S. log exports in the first nine months of 1984 totaled approximately 11.6 million CUM valued at US$885 million. Log exports from British Columbia accounted for 3 percent of the log purchases made by Pacific Rim nations in 1982, but that figure will likely show an increase in 1984.

Canadian opponents of foreign log trade argue that exporting logs means exporting jobs and that continued exports could result in inadequate supplies for domestic producers. A recent Canadian study concluded, however, that as many as 3,000 extra jobs are being created in logging, transportation and stevedoring. Further, the industry cites current Canadian regulations that ensure only surplus logs are exported. It is unclear at this time whether the industry in B.C. is seeking only temporary relief in the form of log exports or whether its intention is to become a long-term log supplier.

# Selected International Prices

| Item | Dec. 11, 1984 | | Change from previous week | A year ago |
|---|---|---|---|---|
| ROTTERDAM PRICES 1/ | $ per MT | $ per bu. | $ per MT | $ per MT |
| Wheat: | | | | |
| Canadian No. 1 CWRS-13.5%.9/ | 189.50 | 5.16 | -1.50 | 198.00 |
| U.S. No. 2 DNS/NS: 14%.10/ | 180.00 | 4.90 | +5.00 | 190.00 |
| U.S. No. 2 S.R.W. ........ | 160.00 | 4.35 | -1.50 | 157.00 |
| U.S. No. 3 H.A.D.......... | 202.00 | 5.50 | +5.00 | 208.00 |
| Canadian No. 1 A: Durum.9/ | 208.00 | 5.66 | -1.00 | 213.00 |
| Feed grains: | | | | |
| U.S. No. 3 Yellow Corn.... | 131.00 | 3.33 | -1.50 | 152.00 |
| Soybeans and meal: | | | | |
| U.S. No. 2 Yellow......... | 242.50 | 6.60 | -6.00 | 309.25 |
| Brazil 47/48% SoyaPellets 4/ | 180.00 | -- | -9.00 | 287.00 |
| U.S. 44% Soybean Meal.... | 165.00 | -- | -11.00 | 254.00 |
| U.S. FARM PRICES 3/ | | | | |
| Wheat..................... | 123.81 | 3.37 | -1.47 | 127.86 |
| Barley.................... | 74.87 | 1.63 | -4.13 | 84.05 |
| Corn...................... | 99.21 | 2.52 | -.39 | 123.23 |
| Sorghum................... | 91.49 | 4.15 6/ | -.22 | 110.45 |
| Broilers 4/............... | 1062.84 | -- | +18.52 | 1235.02 |
| EC IMPORT LEVIES | | | | |
| Wheat 5/.................. | 47.05 | 1.28 | +3.85 | 71.75 |
| Barley.................... | 51.60 | 1.12 | +1.40 | 49.90 |
| Corn...................... | 50.50 | 1.28 | +3.50 | 46.60 |
| Sorghum................... | 58.35 | 1.48 | -.15 | 58.35 |
| Broilers 4/ 6/ 8/......... | 159.00 | -- | 0 | 198.00 |
| EC INTERVENTION PRICES 7/ | | | | |
| Common wheat(feed quality) | 141.25 | 3.84 | +1.95 | 167.60 |
| Bread wheat (min. quality)7/ | 150.50 | 4.10 | +1.95 | 183.35 |
| Barley and all other feed grains....... | 141.25 | -- | +1.95 | 167.60 |
| Broilers 4/ 6/........... | 1072.00 | -- | +8.00 | 1131.00 |
| EC EXPORT RESTITUTIONS (subsidies) | | | | |
| Wheat .................... | N.A. | -- | -- | 39.70 |
| Barley.................... | 27.55 | .60 | +2.55 | 29.30 |
| Broilers 4/ 6/ 8/......... | 94.00 | -- | 0 | 164.00 |

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ April-May. 10/ January-February-March. N.A.=None authorized. N.Q.=Not quoted. Note: Basis December delivery.

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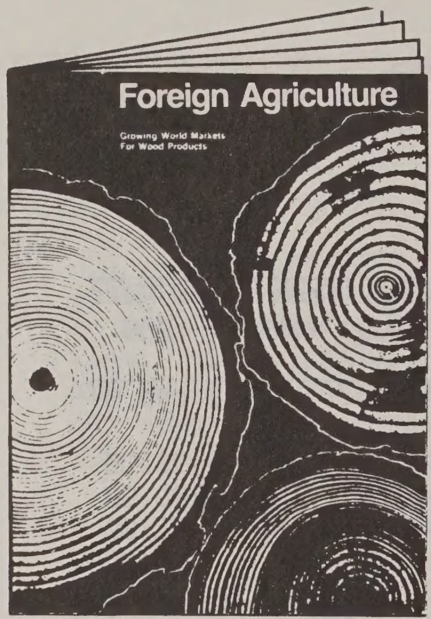


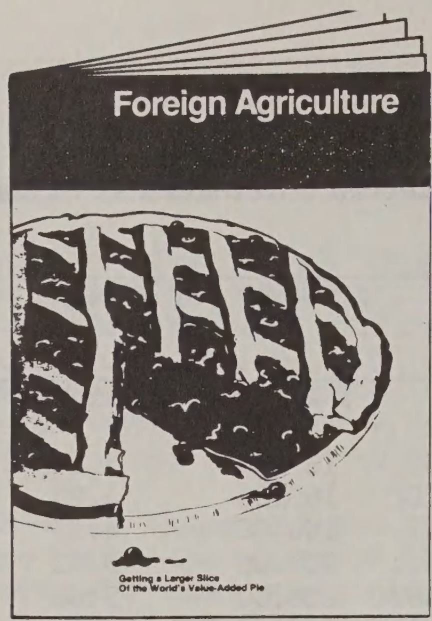



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